

0.a. Goal

Goal 8: Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all

0.b. Target

Target 8.5: By 2030, achieve full and productive employment and decent work for all women and men, including for young people and persons with disabilities, and equal pay for work of equal value

0.c. Indicator

Indicator 8.5.1: Average hourly earnings of employees, by sex, age, occupation and persons with disabilities

0.d. Series

Average hourly earnings of employees by sex and occupation (local currency)

0.e. Metadata update

2022-03-31

0.f. Related indicators

1.1.1, 5.5.2, 8.2.1, 10.4.1

0.g. International organisations(s) responsible for global monitoring

International Labour Organization (ILO)

1.a. Organisation

International Labour Organization (ILO)

2.a. Definition and concepts

Definition:

This indicator provides information on the mean hourly earnings from paid employment of employees by sex, occupation, age and disability status.

Concepts:

Earnings refer to the gross remuneration in cash or in kind paid to employees, as a rule at regular intervals, for time worked or work done together with remuneration for time not worked, such as annual vacation, other type of paid leave or holidays. Earnings exclude employers' contributions in respect of their employees paid to social security and pension schemes and also the benefits received by employees under these schemes. Earnings also exclude severance and termination pay.

For international comparability purposes, statistics of earnings used relate to employees' gross remuneration, i.e. the total before any deductions are made by the employer in respect of taxes, contributions of employees to social security and pension schemes, life insurance premiums, union dues and other obligations of employees. As stated in the indicator title, data on earnings should be presented on the basis of the arithmetic average of the hourly earnings of all employees.

2.b. Unit of measure

Current local currency

2.c. Classifications

The breakdown by occupation is based on the latest version of the International Standard Classification of Occupation (ISCO).

3.a. Data sources

There are a variety of possible sources of data on employees' earnings.

Establishment surveys are usually the most reliable source, given the high accuracy of earnings figures derived from them (the information typically comes from the payroll, so is precise). However, the scope of these statistics is limited to the coverage of the establishment survey in question (usually excluding small establishments, agricultural establishments and/or informal sector establishments).

Household surveys (and especially labour force surveys) can provide earnings statistics covering all economic activities, and all establishment types and sizes, but the quality of the data is highly dependent on the accuracy of respondents' answers.

Data on earnings could also be derived from a variety of administrative records.

3.b. Data collection method

The ILO Department of Statistics processes national household survey micro datasets in line with internationally-agreed indicator concepts and definitions set forth by the International Conference of Labour Statisticians. For data that could not be obtained through this processing or directly from government websites, the ILO sends out an annual ILOSTAT questionnaire to all relevant agencies within each country (national statistical office, labour ministry, etc.) requesting the latest annual data and any revisions on numerous labour market topics and indicators, including many SDG indicators.

3.c. Data collection calendar

Continuous

3.d. Data release calendar

Continuous

3.e. Data providers

At the national level, the agency responsible for producing data on earnings is usually the national statistical office.

3.f. Data compilers

International Labour Organization (ILO)

3.g. Institutional mandate

The ILO is the UN focal point for labour statistics. It sets international standards for labour statistics through the International Conference of Labour Statisticians. It also compiles and produces labour statistics with the goal of disseminating internationally-comparable datasets, and provides technical assistance and training to ILO member States to support their efforts to produce high quality labour market data.

4.a. Rationale

Earnings are a key aspect of quality of employment and living conditions. Information on hourly earnings disaggregated by various classifications (sex, age, occupation, disability status) provide some indication of the extent to which pay equality is respected or achieved.

4.b. Comment and limitations

The variety of possible sources for statistics on earnings greatly hinders international comparability, as each type of source has its own coverage, scope and characteristics. It would not be fully accurate to compare, for example, hourly earnings from a labour force survey for one country with hourly earnings from an establishment survey for another. The use of non-standard definitions and the heterogeneity of operational criteria applied further hamper cross-country comparisons.

4.c. Method of computation

Computation Method:

The method of calculation used to obtain the average hourly earnings of employees depends on the source of data used and the type of information it provides. For instance, where there is information available on each worker's hourly earnings and hours worked, the average is a weighted average calculated by summing up the product of each worker's hourly earnings times the hours worked and dividing it by the total number of hours worked by all workers. In other words:

$$\text{Average hourly earnings} = \frac{\sum(\text{hourly earnings of each employee} \times \text{hours worked by each employee})}{\text{Total number of hours worked by all employees}}$$

Statistics on average hourly earnings by sex can be used to calculate the gender pay gap, as follows:

$$\text{Gender pay gap} = \frac{(\text{Average hourly earnings}_{\text{men}}) - (\text{Average hourly earnings}_{\text{women}})}{(\text{Average hourly earnings}_{\text{men}})} \times 100$$

4.d. Validation

The ILO engages in annual consultations with member States through the ILOSTAT questionnaire and related Statistics Reporting System (StaRS). National data providers receive a link to the portal where they can review all national SDG data available on ILOSTAT.

4.e. Adjustments

Through the ILO Harmonized Microdata initiative, the ILO strives to produce internationally comparable labour statistics based on the indicator concepts and definitions adopted by the International Conference of Labour Statisticians.

4.f. Treatment of missing values (i) at country level and (ii) at regional level

Not applicable

4.g. Regional aggregations

Not applicable

4.h. Methods and guidance available to countries for the compilation of the data at the national level

- Resolution concerning the measurement of employment-related income, adopted by the Sixteenth International Conference of Labour Statisticians (January 1998), available at http://www.ilo.org/global/statistics-and-databases/standards-and-guidelines/resolutions-adopted-by-international-conferences-of-labour-statisticians/WCMS_087490/lang--en/index.htm

- Resolution concerning the International Classification of Status in Employment (ICSE), adopted by the Fifteenth International Conference of Labour Statisticians (January 1993), available at http://www.ilo.org/global/statistics-and-databases/standards-and-guidelines/resolutions-adopted-by-international-conferences-of-labour-statisticians/WCMS_087562/lang--en/index.htm

- Resolution concerning an integrated system of wages statistics, adopted by the Twelfth International Conference of Labour Statisticians (January 1973), available at http://www.ilo.org/global/statistics-and-databases/standards-and-guidelines/resolutions-adopted-by-international-conferences-of-labour-statisticians/WCMS_087496/lang--en/index.htm

- ILO manual: An integrated system of wages statistics, available at http://www.ilo.org/wcmsp5/groups/public/---dgreports/---stat/documents/presentation/wcms_315657.pdf

4.i. Quality management

The processes of compilation, production, and publication of data, including its quality control, are carried out following the methodological framework and standards established by the ILO Department of Statistics, in compliance with the information technology and management standards of the ILO.

4.j. Quality assurance

Data consistency and quality checks are regularly conducted for validation of the data before dissemination in the ILOSTAT database.

4.k. Quality assessment

The final assessment of the quality of information is carried out by the Data Production and Analysis Unit of the ILO Department of Department. In cases of doubt about the quality of specific data, these values are reviewed with the participation of the national agencies responsible for producing the data if appropriate. If the issues cannot be clarified, the respective information is not published.

5. Data availability and disaggregation

Data availability:

Data for this indicator is available for 118 countries and territories.

Time series: The submission covers data from 2000 to 2021.

Disaggregation:

This indicator should be disaggregated by sex, occupation, age and disability status.

6. Comparability/deviation from international standards

Sources of discrepancies:

Earnings statistics present a number of complications in terms of their international comparability, most of which arise from the variety of possible sources of data. The various sources available -- establishment surveys, household surveys and administrative records -- differ in their methods, objectives and scope, which influences the results obtained. The coverage of the source may vary in terms of the geographical areas covered, the workers covered (for example, part-time workers or informal workers may be excluded) and the establishments covered (for example, establishments below a certain size or of a certain sector may be excluded). In cases where the earnings of workers excluded from the coverage of the source are significantly different than those of workers included, the statistics would not be representative of the country as a whole and would not be strictly comparable to those of countries using a more comprehensive source.

When using household surveys as a source of earnings statistics, there are a number of issues related to the accuracy of the earnings information reported by the respondents. They may over declare or under declare their earnings for various reasons, or they may report gross or net wages while including or excluding bonuses and benefits, without distinction. This naturally affects the reliability of the results.

7. References and Documentation

Decent Work and the Sustainable Development Goals: A Guidebook on SDG Labour Market Indicators, available at https://www.ilo.org/global/statistics-and-databases/publications/WCMS_647109/lang--en/index.htm

Resolution concerning the measurement of employment-related income, adopted by the Sixteenth International Conference of Labour Statisticians (January 1998), available at http://www.ilo.org/global/statistics-and-databases/standards-and-guidelines/resolutions-adopted-by-international-conferences-of-labour-statisticians/WCMS_087490/lang--en/index.htm

Resolution concerning the International Classification of Status in Employment (ICSE), adopted by the Fifteenth International Conference of Labour Statisticians (January 1993), available at http://www.ilo.org/global/statistics-and-databases/standards-and-guidelines/resolutions-adopted-by-international-conferences-of-labour-statisticians/WCMS_087562/lang--en/index.htm

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ILO manual: An integrated system of wages statistics, available at https://www.ilo.org/wcmsp5/groups/public/---dgreports/---stat/documents/presentation/wcms_315657.pdf

ILOSTAT database, available at <https://ilostat.ilo.org>

ILOSTAT's indicator description on earnings and labour cost, at <https://ilostat.ilo.org/resources/concepts-and-definitions/description-earnings-and-labour-cost/>

International Standard Classification of Occupations (ISCO) <https://ilostat.ilo.org/resources/concepts-and-definitions/classification-occupation/>